

David J. Cacciotti
9812 Fernleigh Dr.
Richmond, VA 23235
Claimant

FILED

2009 DEC 24 PM 1:53

RICHMOND DIVISION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re:
CIRCUIT CITY STORES, INC.
Debtor

Chapter 11
Case # 08-35653

The Debtor and the last four digits of their taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875)

BACKGROUND

November 7, 2008, Circuit City Corp Office notified me of the notice of reduction of work force.

My position at that time was Technician Direct Representative (Non-Contract) in the Firedog Division. My job was to assist Circuit City television repair technicians in locating and ordering parts needed to repair the customer's units throughout the United States.

At the time of the lay off, Circuit City provided me the Reduction in Force Letter, Exhibit 1.

The notice stated my employment with Circuit City will end on January 9, 2009 or a date within 14 days thereafter which may be provided to me by Circuit City. This is to be permanent with no bumping rights for other positions with Circuit City.

Even though I am still currently an employee, I have not been permitted back to Circuit City to perform any job related duties.

The letter stated that payment was under the Worker Adjustment and Retraining Notification ACT ("WARN") (29 U.S.C. Sections 2101 et seq.)

Under the WARN act, Circuit City is to pay the laid-off employees for 60 days. The checks are to include any wages and earned benefit pay. (vacation pay etc.)

In this case, the earned vacation pay is also known as, PTO (Paid Time Off) hours. These hours can be used for vacation, sick days or other time off request.

As of 12/24/08 the total hours of PTO, remaining is 98.75 Including the pay period of 01/07/09 and 01/21/09 the total PTO would be approximately 114.27 hours gross. The net hours minus 16 hours for holiday pay for the dates of 12/25/08 and 01/01/09 the total net hours is approximately 98.28 hours for a total of \$1500.58 gross pay, \$1,022.27 net pay. See Exhibit 2 and attachment of explanation.

This estimate may change based on future checks showing Circuit City's calculations.

MOTION OF THE CLAIMANT, PURSUANT TO 11 U.S.C. § 507 (A)

In the filing of December 5, 2008, See Exhibit 3. Page 10-11 section 17: The Debtor agreed that they should continue to pay to the WARN employees the wages, salaries and benefits during the 60 day WARN Period.

Page 34 Section H sub section 64: The Debtor maintains that such payments are essential to stabilize their workforce and improve overall Employee morale in this critical period in the Debtors' restructuring efforts. This amount is approximately \$8 to \$10 million, which amount has been included in their DIP Budget. See Exhibit 3

Page 34-35 Section H sub section 1 **PAID TIME OFF** numbers 65-66: Clearly outlines what Paid Time Off is for the employees along with the eligibility of gaining the Paid Time Off etc.

Page 35 Section H numbers 67: Clearly, states prior to the Petition Date, any unused, accrued Paid Time Off was paid to Employees upon Termination.

Page 35 Section H number 68: Clearly states that Circuit City has approximately 713,000 hours of Paid Time Off outstanding, with approximate value of \$9.2 million.

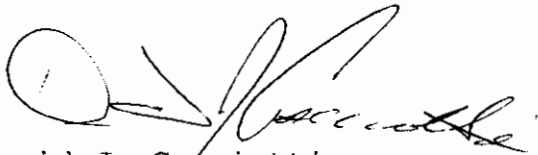
In that Motion, The Debtors seek entry of an order authorizing but not directing them to allow Hourly Employees to use accrued and unused Paid Time Off and to continue to accrue Paid Time Off in the ordinary course of business. As stated in Section H, sub section 64: Circuit City had budget said payment in their DIP Budget.

Circuit City received a motion of approval from the United States Bankruptcy Court to continue to pay the employees wages along with benefit pay for the remaining 60 days. See page 2 of the Judge's ruling Exhibit 4.

On December 19, 2008, Circuit City sent a letter to effective employees detailing their decision of not paying this amount. With this letter, a claim form is to be enclosing to file a claim with the United States Bankruptcy. As of December 24, 2008, plaintiff did not receive this information.

Pursuant to 11 U.S.C. Section 507 Priorities, the following expenses and claims have priority in the following order: Section 507 (3)(A) states, Wages, Salaries or Commission, including vacation, severance and sick leave pay earned by an individual;

I therefore ask the court to direct the Debtor to pay the laid off Employees all of their unused accrued Paid Time Off as a Prepetition agreement with the employee and employer. Prior to the Filing of Chapter 11 on 11/10/08. In accordance with the Worker Adjustment and Retraining Notification Act (2-: U.S.C. Sections 2101 et seq.) in addition, the Motion set forth on December 5, 2008.

A handwritten signature in black ink, appearing to read 'David J. Cacciotti', is written over a circular stamp or seal.

David J. Cacciotti
9812 Fernleigh Dr.
Richmond, VA 23235



TO: Affected Employees of the Circuit City Stores, Inc. Support Center

FROM: Steve Saunders
Director of Associate Relations

DATE: November 7, 2008

RE: Reduction in Force

We are providing this notice to inform you that Circuit City Stores, Inc. ("Circuit City") has made the difficult decision to reduce the workforce at its Store Support Center located at 9954 Mayland Drive, Richmond, VA 23233-1464. It is anticipated that your employment with Circuit City will terminate on January 9, 2009 or a date within 14 days thereafter which may be provided to you by Circuit City (your "Termination Date"). This employment loss is expected to be permanent and you will not have bumping rights for other positions with Circuit City (i.e., you will not have the right to displace employees with less seniority).

Your manager will discuss your work schedule with you for the period commencing on the date of this notice through your Termination Date. During this time, your services during regular working hours will be required as business dictates. To the extent possible, Circuit City will relieve you of your duties so that you may search for future employment. We expect you to notify your manager if you commence employment with a new employer prior to your Termination Date.

Your health coverage under Circuit City's group health plan will terminate on the last day of the month in which your employment ends. However, you can elect to receive COBRA continuation coverage for yourself and qualifying dependents under Circuit City's group health plan in accordance with the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Such continuation coverage shall be at your own expense, and shall in all respects be subject to the requirements, conditions and limitations of COBRA and of the health plan of Circuit City, which may be amended from time to time. COBRA election information will also be provided to you under separate cover.

As of the date of this notice, Circuit City has determined that it will not provide severance pay in connection with this layoff. If the company determines otherwise, you will be contacted. You will continue to be bound by the terms and provisions of the Circuit City Code of Business Conduct.

We are providing this letter to you to satisfy any legal obligation to provide notice pursuant to the Worker Adjustment and Retraining Notification Act ("WARN") (29 U.S.C. Sections 2101 et seq.).

If you have any questions or concerns, please feel free to contact me at 1-800-765-5298. On behalf of Circuit City, we regret that this action is necessary.

A handwritten signature in cursive script that reads "Steve Saunders".

Attached Explanation of Exhibit 2

EXHIBIT 2 CONSISTS OF A COPIES OF STATEMENT OF EARNINGS FOR DAVID J. CACCIOTTI.

THE FIRST STATEMENT DATED NOVEMBER 12, 2008, THIS IS THE PAY PERIOD PRIOR TO THE NOTICE OF REDUCTION OF FORCES ON NOVEMBER 7, 2008. IN THE LOWER RIGHT CORNER (HIGHLIGHTED) IS THE PTO PLANS. THE ENDING BALANCE IS SHOWING 84.28 HOURS.

THE SECOND AND THIRD PAGES ARE THE STATEMENTS DATED NOVEMBER 26, 2008. THIS IS THE FIRST PAYCHECK AFTER RECEIVING THE NOTICE OF REDUCTION OF FORCES. THIS IS SHOWING TWO PAYCHECKS. ACCORDING TO A CIRCUIT CITY HUMAN RESOURCES REPRESENTATIVE, THE REASON FOR ONE WEEK PAY WAS DUE TO NOT RECEIVING THE SCHEDULE BANK LOAN FROM BANK OF AMERICA IN TIME. THE PTO PLAN SHOWS ENDING BALANCE OF 88.16 HOURS. THE THIRD PAGE IS THE SECOND WEEK OF PAY FOR NOVEMBER 26, 2008. THE PTO PLAN NOW SHOWS 92.04 HOURS.

PAGE 4 OF THE STATEMENT OF EARNINGS DATED DECEMBER 10, 2008. SHOWS 8 HOURS OF PTO WERE PAID FOR THE THANKSGIVING HOLIDAY. THE PTO PLAN SHOWS 91.02 HOURS.

PAGE 5 OF THE STATEMENT OF EARNINGS DATED DECEMBER 24,
2008, THE PTO PLAN SHOWS A BALANCE OF 98.78 HOURS.

THE AVERAGE PTO HOURS ADDED EACH PAY PERIOD IS 7.76.

BASED ON THE CURRENT BALANCE AND THE PROJECTED PTO HOURS

DUE, MINUS THE HOLIDAY PAY FOR DECEMBER 25, 2008 AND

JANUARY 1, 2009 THE TOTAL PTO HOURS REMAINING IS

APPROXIMATELY 98.28 HOURS. FOR THE GROSS AMOUNT OF \$1500.58

AND THE NET AMOUNT OF \$1,022.27.

Statement of Earnings Details

Print Close

Employee Details

Employee ID	10335436
Name	David J Cacciotti
Home Address	9612 Fernleigh Dr. Richmond, VA 23235
Company	Circuit City Stores, Inc
Payroll Address	7201 Hewitt Associates Drive Charlotte, NC 28262 1 (800) 288-6353
Business Unit	USANA
Department	900000 - Consumer Parts
Location	Deep Run - CCS Corporate

Payroll Details

Pay Group	HME - Home Hourly and Salaried
Pay Begin Date	Oct 24, 2008
Advice #	3114929
Pay Date	11/22/2008

Tax Details

Federal Tax Marital Status	Single
Federal Allowances	2
Federal Addl Withholding	
VA Tax Marital Status	Single
VA Allowances	1
VA Addl Withholding	

Hours & Earnings

Description	Current Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Regular Hourly	15.27	66.25	1,011.64	1595.25	24,125.21
Average Overtime			209.97	214.25	3,134.80
Prior Year PTO			0.00	18.25	138.41
PTO Hours Adjustment			0.00	32.25	488.51
PYP Hours Adjustment			0.00	7.34	108.85
Weather			0.00	-7.34	(108.85)
Back Pay			0.00	4	59.32
			0.00	0	64.00
Total Earnings		80.00	1,221.61	1864	28,010.25

Before Tax Deductions

Description	Current	YTD
Employee Dental	6.78	153.89
Employee Medical	48.92	1,106.71
401K	122.16	2,801.05
Employee Vision	0.00	54.91
Total	177.86	4,116.56

After Tax Deductions

Description	Current	YTD
Accidental Death/Dismemberment	1.25	29.53
Supplemental Life Insurance	8.86	245.90
Long Term Disability	4.93	115.29
Total	15.04	390.72

Taxes

Description	Current	YTD
Fed Withholding	86.18	1,956.57
Fed MED/EE	16.90	387.07
Fed OASDI/EE	72.28	1,655.07
VA Withholding	41.42	943.34
Total Taxes	216.78	4,942.05

Imputed Income

Current	0.00
YTD	0.00

Description

Description	Balance
Current Year (CY) PTO	
+ Earned:	125.69
- Taken:	48.75
Prior Year (PY) PTO	
+ Earned:	0.00
- Taken:	32.25
Ending Balance	0.00

	Total Gross	Federal Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	1,221.61	1,043.75	216.78	192.90	811.93
YTD	28,010.25	23,893.69	4,942.05	4,507.28	18,560.92

PAGE 2

Document Page 8 of 19



Statement of Earnings Details

Print Close

Employee Details

Employee ID	10335436
Name	David J Cacciotti
Home Address	9812 Fernleigh Dr. Richmond, VA 23235
Company	Circuit City Stores, Inc
Payroll Address	7201 Hewitt Associates Drive Charlotte, NC 28262 1 (800) 288-6353
Business Unit	USANA
Department	900000 - Consumer Parts
Location	Deep Run - CCS Corporate

Payroll Details

Pay Group	HME - Home Hourly and Salaried
Pay Period	11/20/08 - 11/27/08
Pay End Date	Nov 20, 2008
Advice #	3139512
Pay Date	11/20/08

Tax Details

Federal Tax Marital Status	Single
Federal Allowances	2
Federal Addl Withholding	
VA Tax Marital Status	Single
VA Allowances	1
VA Addl Withholding	

Hours & Earnings

Description	Current Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Regular Hourly	15.27	40.00	610.80	1635.25	24,736.01
Paid Time Off			0.00	214.25	3,134.80
Average Overtime			0.00	18.25	138.41
Prior Year PTO			0.00	32.25	488.51
PTO Hours Adjustment			0.00	7.34	108.85
PYP Hours Adjustment			0.00	-7.34	(108.85)
Weather			0.00	4	59.32
Back Pay			0.00	0	64.00
Total Earnings		40.00	610.80	1904	28,621.05

Before Tax Deductions

Description	Current	YTD
Employee Dental	6.78	160.67
Employee Medical	48.92	1,155.63
401K	61.06	2,862.13
Employee Vision	0.00	54.91
Total	116.78	4,233.34

Taxes

Description	Current	YTD
Fed Withholding	12.29	1,968.86
Fed MED/EE	8.05	395.12
Fed OASDI/EE	34.42	1,689.49
VA Withholding	12.14	955.48
Total Taxes	66.90	5,008.95

After Tax Deductions

Description	Current	YTD
Accidental	1.25	30.78
Death/Dismemberment		
Supplemental Life Insurance	8.86	254.76
Long Term Disability	4.93	120.22
Total	15.04	405.76

Imputed Income

Current	0.00
YTD	0.00

PTO Balance

Description	Balance
Current Year (CY) PTO	
+ Earned:	129.57
- Taken:	48.75
Ending Balance	80.82
Prior Year (PY) PTO	
+ Earned:	0.00
- Taken:	32.25
Ending Balance	0.00

	Total Gross	Federal Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	610.80	494.02	66.90	131.82	412.08
YTD	28,621.05	24,387.71	5,008.95	4,639.10	18,973.00

Case 08-35653-KRH Doc 1327 Filed 12/24/08 Entered 12/30/08 09:26:21 Desc Main

PAGE 3

Document Page 9 of 12

Statement of Earnings Details

Print Close

Employee Details

Employee ID	10335436
Name	David J Cacciotti
Home Address	9812 Fernleigh Dr. Richmond, VA 23235
Company	Circuit City Stores, Inc
Payroll Address	7201 Hewitt Associates Drive Charlotte, NC 28262 1 (800) 268-6353
Business Unit	USANA
Department	900000 - Consumer Parts
Location	Deep Run - CCS Corporate

Payroll Details

Pay Group	HME - Home Hourly and Salaried
Pay Begin Date	Nov 21, 2008
Pay End Date	Dec 04, 2008
Advice #	3162955
Pay Date	12/05/2008

Tax Details

Federal Tax Marital Status	Single
Federal Allowances	2
Federal Addl Withholding	
VA Tax Marital Status	Single
VA Allowances	1
VA Addl Withholding	

Hours & Earnings

Description	Current Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Regular Hourly	15.27	40.00	610.80	1675.25	25,346.81
Paid Time Off			0.00	214.25	3,134.80
Average Overtime			0.00	18.25	138.41
Prior Year PTO			0.00	32.25	488.51
PTO Hours Adjustment			0.00	7.34	108.85
PYP Hours Adjustment			0.00	-7.34	(108.85)
Weather			0.00	4	59.32
Back Pay			0.00	0	64.00
Total Earnings		40.00	610.80	1944	29,231.85

Before Tax Deductions

Description	Current	YTD
401K	61.08	2,923.21
Employee Dental	0.00	160.67
Employee Medical	0.00	1,155.63
Employee Vision	0.00	54.91
Total	61.08	4,294.42

After Tax Deductions

Description	Current	YTD
Accidental	0.00	30.78
Death/Dismemberment		
Supplemental Life Insurance	0.00	254.76
Long Term Disability	0.00	120.22
Total	0.00	405.76

Taxes

Description	Current	YTD
Fed Withholding	17.86	1,986.72
Fed MED/EE	8.86	403.98
Fed OASDI/EE	37.87	1,727.36
VA Withholding	14.93	970.41
Total Taxes	79.52	5,088.47

Imputed Income

Current	0.00
YTD	0.00

PTO Payout

Description	Balance
Current Year (CY) PTO	
+ Earned:	133.45
- Taken:	48.75
Ending Balance	84.70
Prior Year (PY) PTO	
+ Earned:	0.00
- Taken:	32.25
Ending Balance	0.00

	Total Gross	Federal Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	610.80	549.72	79.52	61.08	470.20
YTD	29,231.85	24,937.43	5,088.47	4,700.18	19,443.20



Statement of Earnings Details

Print Close

Employee Details

Employee ID	10335436
Name	David J Cacciotti
Home Address	9612 Fernleigh Dr. Richmond, VA 23235
Company	Circuit City Stores, Inc
Payroll Address	7201 Hewitt Associates Drive Charlotte, NC 28262 1 (800) 288-6353
Business Unit	USANA
Department	900000 - Consumer Parts
Location	Deep Run - CCS Corporate

Payroll Details

Pay Group	HME - Home Hourly and Salaried
Pay Begin Date	Nov 21, 2008
Pay End Date	Dec 04, 2008
Advice #	3169699
Pay Date	12/24/2008

Tax Details

Federal Tax Marital Status	Single
Federal Allowances	2
Federal Addl Withholding	
VA Tax Marital Status	Single
VA Allowances	1
VA Addl Withholding	

Hours & Earnings

Description	Current Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Regular Hourly	15.27	72.00	1,099.44	1747.25	26,446.25
Part Time Off	15.27	8.00	122.16	222.25	3,256.96
Average Overtime			0.00	18.25	138.41
Prior Year PTO			0.00	32.25	488.51
PTO Hours Adjustment			0.00	7.34	108.85
PYP Hours Adjustment			0.00	-7.34	(108.85)
Weather			0.00	4	59.32
Back Pay			0.00	0	64.00
Total Earnings		80.00	1,221.60	2024	30,453.45

Before Tax Deductions

Description	Current	YTD
Employee Dental	6.78	167.45
Employee Medical	48.92	1,204.55
401K	122.16	3,045.37
Employee Vision	0.00	54.91
Total	177.86	4,472.28

After Tax Deductions

Description	Current	YTD
Accidental	1.25	32.03
Death/Dismemberment		
Supplemental Life Insurance	8.86	263.62
Long Term Disability	4.93	125.15
Total	15.04	420.80

Taxes

Description	Current	YTD
Fed Withholding	86.18	2,072.90
Fed MED/EE	16.90	420.88
Fed OASDI/EE	72.29	1,799.65
VA Withholding	41.42	1,011.83
Total Taxes	216.79	5,305.26

Imputed Income

Current	0.00
YTD	0.00

PTO Balance

Description	Balance
Current Year (CY) PTO	
+ Earned:	140.43
- Taken:	56.75
Ending Balance	83.68
Prior Year (PY) PTO	
+ Earned:	0.00
- Taken:	32.25
Ending Balance	0.00

	Total Gross	Federal Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	1,221.60	1,043.74	216.79	192.90	811.91
YTD	30,453.45	25,981.17	5,305.26	4,893.08	20,255.11



Statement of Earnings Details

Print

Close

Employee Details

Employee ID	10335436
Name	David J Cacciotti
Home Address	9812 Fernleigh Dr. Richmond, VA 23235
Company	Circuit City Stores, Inc
Payroll Address	7201 Hewitt Associates Drive Charlotte, NC 28262 1 (800) 286-6353
Business Unit	USANA
Department	900000 - Consumer Parts
Location	Deep Run - CCS Corporate

Payroll Details

Pay Group	HME - Home Hourly and Salaried
Pay Begin Date	Dec 05, 2008
Pay End Date	Dec 18, 2008
Advice #	3195119
Pay Date	12/18/2008

Tax Details

Federal Tax Marital Status	Single
Federal Allowances	2
Federal Addl Withholding	
VA Tax Marital Status	Single
VA Allowances	1
VA Addl Withholding	

Hours & Earnings

Description	Current Rate	Current Hours	Current Earnings	YTD Hours	YTD Earnings
Regular Hourly	15.27	80.00	1,221.60	1827.25	27,667.85
Paid Time Off			0.00	222.25	3,256.96
Average Overtime			0.00	18.25	138.41
Prior Year PTO			0.00	32.25	488.51
PTO Hours Adjustment			0.00	7.34	108.85
PYP Hours Adjustment			0.00	-7.34	(108.85)
Weather			0.00	4	59.32
Back Pay			0.00	0	64.00
Total Earnings		80.00	1,221.60	2104	31,675.05

Before Tax Deductions

Description	Current	YTD
Employee Dental	6.78	174.23
Employee Medical	48.92	1,253.47
401K	122.16	3,167.53
Employee Vision	0.00	54.91
Total	177.86	4,650.14

Taxes

Description	Current	YTD
Fed Withholding	86.18	2,159.08
Fed MED/EE	16.91	437.79
Fed OASDI/EE	72.28	1,871.93
VA Withholding	41.42	1,053.25
Total Taxes	216.79	5,522.05

After Tax Deductions

Description	Current	YTD
Accidental	1.25	33.28
Death/Dismemberment		
Supplemental Life Insurance	8.86	272.48
Long Term Disability	4.93	130.08
Total	15.04	435.84

Imputed Income

Current	0.00
YTD	0.00

PTO Balance

Description	Balance
Current Year (CY) PTO	
+ Earned:	148.19
- Taken:	56.75
Ending Balance	
Prior Year (PY) PTO	
+ Earned:	0.00
- Taken:	32.25
Ending Balance	0.00

	Total Gross	Federal Taxable Gross	Total Taxes	Total Deductions	Net Pay
Current	1,221.60	1,043.74	216.79	192.90	811.91
YTD	31,675.05	27,024.91	5,522.05	5,085.98	21,067.02

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Proposed Counsel to the Debtors
and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
:
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08- ____ (____)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**DEBTORS' MOTION FOR ORDER PURSUANT TO BANKRUPTCY CODE
SECTIONS 105(a), 363, 507(a), 541, 1107(a) AND 1108 AND
BANKRUPTCY RULE 6003 AUTHORIZING DEBTORS TO PAY
PREPETITION WAGES, COMPENSATION, AND EMPLOYEE BENEFITS**

The debtors and debtors in possession in the
above-captioned cases (collectively, the "Debtors")¹

¹ The Debtors and the last four digits of their respective taxpayer
identification numbers are as follows: Circuit City Stores, Inc.
(3875), Circuit City Stores West Coast, Inc. (0785), InterTAN,
(cont'd)



Fourth Circuit, in two recent cases bankruptcy courts have concluded that notwithstanding the provisions of the WARN Act, in the event employees are terminated prior to the commencement of a bankruptcy case, claims based on the WARN Act are not entitled to administrative expense priority under section 503(b)(1). See In re First Magnus Financial Corporation, 390 B.R. 667, 677 (Bankr. D. Ariz. 2008) (holding that WARN Act claims of 8 employees terminated prior to debtors' filing liquidating chapter 11 petitions were not entitled to administrative expense priority under Bankruptcy Code section 503(b)(1)); Henderson v. Powermate Holding Corp., Case No. 08-50559 (KG) (Bankr. D. Del. Oct. 15, 2008) (holding that WARN Act claims of 260 employees terminated prior to debtors' filing chapter 11 petitions were not entitled to administrative expense priority under Bankruptcy Code section 503(b)(1)).

~~Notwithstanding~~ Notwithstanding the above precedent, the Debtors request authority to pay the WARN Employees the wages, salaries and benefits that they would be entitled to earn over the balance of the 60 day WARN Period, even though it is extremely unlikely that such employees will

be recalled by the Debtors as a result of the commencement of these Chapter 11 Cases and thus will provide no further services to the Debtors. In that regard, the Debtors believe that, under the circumstances and given the Debtors' intent to attempt to successfully reorganize or sell their business as a going concern such authorization is critical. In particular, the Debtors maintain that such payments are essential to stabilize their workforce and improve overall Employee morale in this critical period in the Debtors' restructuring efforts. The Debtors estimate that the aggregate cost associated with continuing the payment of wages, salaries and benefits to the WARN Employees is approximately \$8 to \$ 10 million, which amount has been included in their DIP budget.

B. Bonuses.

18. In addition to regular compensation, the Debtors currently offer a number of incentive bonuses to Employees through various bonus plans. In particular, there are approximately 12 separate plans (collectively, the "Field Bonus Plans") which provide bonuses to Employees in the Debtors' retail stores. The Field

State Workers' Compensation Programs could result in administrative or legal proceedings against the Debtors and their officers and directors.

63. Accordingly, by this Motion, the Debtors seek entry of an order authorizing, but not directing, the Debtors to continue paying and/or contesting in good faith, as appropriate in the Debtors' business judgment, all amounts related to the Workers' Compensation Insurance and the State Workers' Compensation Programs in the ordinary course of business, including amounts that arose prior to the Petition Date.

~~64. Other forms of compensation.~~

64. The Debtors offer their Employees other forms of compensation, including paid time off, overtime pay and certain other benefits. These forms of compensation are usual, customary and necessary if the Debtors are to retain qualified employees to operate their businesses.

~~(1) Paid Time Off.~~

65. All full-time and part-time Salaried and Hourly Employees are eligible to accrue or receive paid time off (the "Paid Time Off"). This Paid Time Off may

be used by Employees for vacation, holidays, sick days, or personal days.²¹

~~Hourly Employees with Paid Time Off~~ All Hourly Employees with ninety (90) days or more of service with the Debtors accrue Paid Time Off for each hour worked. The rate of accrual varies based on the length of service.

~~67.~~ These accrued hours of Paid Time Off may be used for any purpose, including sick time, vacation, holidays or personal business. Hourly Employees may carry any remaining accrued Paid Time Off over into the next fiscal year. Prior to the Petition Date, any unused, accrued Paid Time Off was paid to Employees upon termination of employment.

~~68.~~ As of September 30, 2008, there were approximately 713,000 hours of Paid Time Off outstanding, with an approximate value of \$9.2 million.²² By this Motion, the Debtors seek entry of an order authorizing, but not directing, them to allow Hourly Employees to use

²¹ Employees in the Debtors' Puerto Rico stores accrue separate sick days and vacation days.

²² Puerto Rico Employees have accrued approximately \$50,000 in sick and vacation hours.

accrued and unused Paid Time Off and to continue to accrue Paid Time Off in the ordinary course of business. However, at this time, the Debtors are not seeking authorization to continue to pay an Employee for accrued, unused Paid Time Off upon termination.

~~69.~~ The Debtors anticipate that their Hourly Employees will utilize the accrued Paid Time Off in the ordinary course of business without resulting in any material cash flow requirements beyond the Debtors' normal payroll obligations. Use of Employee Paid Time Off remains subject to ordinary course restrictions.

70. Salaried Employees' Paid Time Off Policy.
Paid Time Off does not accrue for Salaried Employees and there is no specified allowance of Paid Time Off available to Salaried Employees. Salaried Employees must request permission to take Paid Time Off from their supervisors and may take Paid Time Off to the extent that such permission is granted. The appropriate amount of Paid Time Off for each Salaried Employee depends on certain job-related factors and, in each case, will be dependent on a supervisor's determination that the Paid Time Off request does not conflict with immediate

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
CIRCUIT CITY STORES, INC., : Case No. 08- ____ (____)
et al., :
Debtors. : Jointly Administered
- - - - - x

**ORDER PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a), 363,
507(a), 541, 1107(a) AND 1108 AND BANKRUPTCY RULE 6003
AUTHORIZING DEBTORS TO PAY PREPETITION WAGES,
COMPENSATION, AND EMPLOYEE BENEFITS**

Upon the motion (the "Motion")¹ of the Debtors
for an order, pursuant to Bankruptcy Code sections

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

105(a), 363, 507(a)(4), 507(a)(5), 541, 1107(a) and 1108 and Bankruptcy Rule 6003, (a) authorizing, but not directing, the Debtors, inter alia, to pay prepetition wages, salaries, bonuses, reimbursements, and other compensation; (b) authorizing, but not directing, the Debtors to continue the maintenance of all employee benefit programs in the ordinary course; and (c) directing all banks to honor prepetition checks for payment of prepetition employee obligations; and the Court having reviewed the Motion and the Besanko Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED.